

Statement of Considerations

REQUEST BY 3M FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN SUBJECT INVENTIONS MADE IN THE COURSE OF OR SUBCONTRACT NO. 4500011817 UNDER DOE PRIME CONTRACT NO. DE-AC05-00OR22725; DOE WAIVER DOCKET W(A)-00-012 [ORO-752]

Petitioner, 3M, has made a timely request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under Subcontract No. 4500011817 under DOE Prime Contract DE-AC05-00OR22725 with UT-Battelle, LLC. The scope of this work is to produce long (10-100 meter) High Temperature Superconductive (HTS) tapes. HTS tapes will be produced under varying conditions, tested and analyzed. A selection will be made between the ion beam-assisted deposition (IBAD) and rolling assisted, biaxially-textured substrate (RABiTs) technologies and between the two types of electron beam co-evaporation (EBCE) techniques. This work is sponsored by the Office of Hydrogen and Superconductivity Technologies.

The anticipated total dollar amount of the four phase subcontract is \$7.1M of which 3M will be cost-sharing 50%. Phase I is completed and Phase II is underway with total funding for both phases totaling \$3,519,795. Phase III is for \$2,461,136 and Phase IV is for \$1,182,020. A subject invention has been reported under Phase I and thus, this waiver is intended to cover Phase I and the remaining phases of the project so long as the purpose, cost, or scope of the subcontracted effort is not substantially altered.

Petitioner's experience and expertise will contribute substantially to commercialization of the inventions made under the agreement. Petitioner is a recognized leader in coated conductor technology. Petitioner began its HTS coated conductor development activities in early 1996 and has been an integral party in the development of HTS materials under CRADAs and subcontracts with Oak Ridge National Laboratory. Petitioner owns equipment for coated conductors that has been used to successfully fabricate short lengths of coated conductor textured substrates.

Petitioner has a substantial financial investment directly related to the work to be performed under this agreement. In the development of HTS materials, Petitioner has made multi-million dollar investments in capital equipment and research and development of HTS materials. As part of Petitioner's HTS pilot line effort, Petitioner plans to invest in excess of \$2 million in facilities and equipment, part of which is used directly in the development of HTS materials and the performance of this subcontract.

Petitioner has agreed to the standard DOE waiver terms and conditions, including march-in rights, background patent provisions, retention of by the government of a license, preference for U.S. industry and U.S. Competitiveness clauses. Modifications to the standard provisions, including deletion of the background data provisions, are underlined in the Patent Rights - Waiver Clause attachment and have been discussed with and approved by the cognizant DOE Program.

Petitioner has agreed that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States, unless the Petitioner can show to the satisfaction of DOE that it is not commercially feasible to do so. In the event that the waived invention is not substantially manufactured in the United States and DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the

Government's investment, etc. The Petitioner has further agreed to make the above condition binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention, including subsequent assignees or licensees. Should the Petitioner or other such entity receiving rights in any waived invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by DOE.

Granting of the waiver should have little effect on competition since there are several competing technology options in the field of superconductive products for generation, transfer, transmission and storage of electrical power.

Grant of the requested waiver should serve as encouragement to other DOE contractors and subcontractors that significant cost sharing will be recognized as an acceptable consideration for granting greater rights in Subject Inventions.


In view of the substantial level of cost sharing by Petitioner and the objectives and considerations set forth in 10 CFR 784.4, all of which have been considered, it is recommended that the requested waiver for worldwide rights be granted.


Emily G. Schneider
Assistant Chief Counsel for
Intellectual Property

Date: 9/12/01


Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interests of the United States and the general public will best be served by a waiver of U.S. and foreign patent rights, and therefore, the waiver is granted. This waiver shall not apply to a modification or extension of the cost-shared subcontract where, through such a modification or extension, the purpose, scope or cost of the subcontract has been substantially altered.

CONCURRENCE:


Robert H. Brewer
Director James G. Daley
Office of Hydrogen and
Superconductivity Technologies

Date: 9/27/01

APPROVAL:


Paul A. Gottlieb
Assistant General Counsel for
Technology Transfer
and Intellectual Property

Date: 10-9-01

(s) **Publication.** It is recognized that during the course of work under this contract, the contractor or its employees may from time to time desire to release or publish information regarding scientific or technical developments conceived or first actually reduced to practice in the course of or under this contract. In order that public disclosure of such information will not adversely affect the patent interests of DOE or the contractor, approval for release of publication shall be secured from Patent Counsel prior to any such release or publication. In appropriate circumstances, and after consultation with the contractor, Patent Counsel may waive the right of prepublication review. Such approval shall not be unreasonably withheld and a decision regarding approval will be provided within 30 days of its request.

(t) **Forfeiture of rights in unreported Subject Inventions.**

(1) The Contractor shall forfeit and assign to the Government, at the request of the Secretary of Energy or designee, all rights in any Subject Invention which the contractor fails to report to Patent Counsel within six months after the time the contractor: (i) Files or causes to be filed a United States or foreign patent application thereon; or (ii) Submits the final report required by paragraph (e)(2)(ii) of this clause, whichever is later.

(2) However, the Contractor shall not forfeit rights in a Subject Invention if, within the time specified in paragraph (m)(1) of this clause, the Contractor: (i) Prepares a written decision based upon a review of the record that the invention was neither conceived nor first actually reduced to practice in the course of or under the contract and delivers the decision to Patent Counsel, with a copy to the Contracting Officer; or (ii) Contending that the Subject Invention is not a Subject Invention, the Contractor nevertheless discloses the Subject Invention and all facts pertinent to this contention to the Patent Counsel, with a copy to the Contracting Officer, or (iii) Establishes that the failure to disclose did not result from the Contractor's fault or negligence.

(3) Pending written assignment of the patent application and patents on a Subject Invention determined by the Contracting Officer to be forfeited (such determination to be a Final Decision under the Disputes clause of this contract), the Contractor shall be deemed to hold the invention and the patent applications and patents pertaining thereto in trust for the Government. The forfeiture provision of this paragraph shall be in addition to and shall not supersede any other rights and remedies which the Government may have with respect to Subject Inventions.

(u) **U. S. Competitiveness.** The Contractor agrees that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States, unless the Contractor can show to the satisfaction of DOE that it is not commercially feasible to do so. In the event DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Contractor further agrees to make the above condition binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention, including subsequent assignees or licensees. Should the Contractor or other such entity receiving rights in any waived invention undergo a

change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by DOE.

(End of clause)